

## Workforce Housing Tax Credit Pilot Program Frequently Asked Questions Updated 5/14/2021

**Question:** Is this a federal or state credit?

**Answer:** The Workforce Housing Tax Credit Pilot Program is a state credit. The statutory authority and requirements for the program are codified in §§4-2501 – 4-2505 of the Housing and Community Development Article and § 10-749 of the Tax - General Article for the State of Maryland.

**Question:** Is the credit a refundable or transferrable credit like the state historic tax credit or must it be used by a partner in the entity applying for the tax credit?

**Answer:** Project developers or their investment partners can claim the credit on their state income tax.

**Question:** Is it \$1M annually for 10 years or is it \$1M total?

**Answer:** The awardee must utilize the tax credit for the taxable year the credit was issued. If the tax credit exceeds the awardee's tax liability, the excess may be applied as a credit against succeeding taxable years until the earlier of: the full amount of the excess is used; or the expiration of the ninth taxable year after the taxable year the final credit certificate was issued. The total award is a one-time \$1M award.

**Question:** How is the credit amount determined to get to the \$1 million maximum? Is it based upon development cost like the LIHTC?

**Answer:** The total tax credit allocation award will be based on eligible cost, similar to the LIHTC program, using the percentage of project units that are to be restricted in occupancy to workforce housing.

**Question:** Can the credit be used on a project that also has LIHTC?

**Answer:** Yes, the Workforce Housing Tax Credit can be used in conjunction with projects seeking low-income housing tax credits as long as they have not already received a reservation letter.

**Question:** Does this impact the eligible basis for LIHTC?

**Answer:** No.

**Question:** Does the project have to be new construction? Is there any way an existing project can be eligible for the credit?

**Answer:** The Workforce Housing Tax Credit RFP is limited to new construction or adaptive reuse projects.

**Question:** Is the major public / private investment of \$500,000 a requirement to receive the credit? If so, does the entity applying for the credit need to make the \$500,000 neighborhood investment?

**Answer:** The major public/private investment of \$500,000 is a scoring category, so it is not required. The entity applying does not need to make the neighborhood investment themselves, however, it should have been invested within the last five (5) years.

**Question:** What are the submission requirements for the 16 points available per Section VI.- Development Team Expertise?

**Answer:** Please provide a resume of completed projects of similar size and to the proposed project using tax credit or similar resources over the last five (5) years. DHCD will follow up if additional information is needed.

**Question:** What are the tie-breaking scoring factors that will be considered for developments?

**Answer:** DHCD will consider the distance from and total number of employees at the employment center in case of a tie.

**Question:** The readiness to proceed items discuss a time frame following award notice – for applications for this resource, when do you anticipate making award announcements?

**Answer:** We anticipate announcing awards in the summer of 2021.

**Questions?** Please submit questions to [caty.waterman1@maryland.gov](mailto:caty.waterman1@maryland.gov)

